

2008-00372

BELFRY GAS COMPANY, INC.

Post Office Box 504
Allen, KY 41601
(606) 874-2846

September 2, 2008

Public Service Commission
Attn: Stephanie Stumbo
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

RECEIVED

SEP - 8 2008

PUBLIC SERVICE
COMMISSION

Dear Ms. Stumbo:

Please find enclosed Belfry Gas Company's PGA for October 1, 2008, thru January 1, 2009.

If you have any further questions, please feel free to contact me at the above address or telephone number.

Sincerely,

Stephen G. Jenkins

Stephen G. Jenkins, Manager
Belfry Gas Company, Inc.

Enclosure

BELFRY GAS COMPANY, INC.

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

SEPTEMBER 2, 2008

Date Rates to be Effective:

OCTOBER 1, 2008

Reporting Period is Calendar Quarter Ended:

DECEMBER 31, 2008

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 11.6984
+ Refund Adjustment (RA)	\$/Mcf	(.0008)
+ Actual Adjustment (AA)	\$/Mcf	(.0775)
+ Balance Adjustment (BA)	\$/Mcf	0
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 11.6201

GCR to be effective for service rendered from OCTOBER 1, 2008 to DECEMBER 31, 2008

A. <u>EXPECTED GAS COST CALCULATION</u>		
Total Expected Gas Cost (Schedule II)	\$	452,457
+ Sales for the 12 months ended <u>JUNE 30, 2008</u>	Mcf	38,677
= Expected Gas Cost (EGC)	\$/Mcf	11.6984
B. <u>REFUND ADJUSTMENT CALCULATION</u>		
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	0
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	(.0008)
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
= Refund Adjustment (RA)	\$/Mcf	(.0008)
C. <u>ACTUAL ADJUSTMENT CALCULATION</u>		
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.0084)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0549)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0160)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	.0018
= Actual Adjustment (AA)	\$/Mcf	(.0775)
D. <u>BALANCE ADJUSTMENT CALCULATION</u>		
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	0
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	0
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	0
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	0
= Balance Adjustment (BA)	\$/Mcf	0

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended JUNE 30, 2008

(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) Btu <u>Conversion Factor</u>	(4) <u>Mcf</u>	(5)** <u>Rate</u>	(6) <u>(4)x(5)</u> <u>Cost</u>
Kinhag Development Company, LLC	32,293	1.20	38,751	11.6760	\$ 452,457

<u>Totals</u>	<u>32,293</u>		<u>38,751</u>		<u>\$ 452,457</u>
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Line loss for 12 months ended JUNE 30, 2008 is .1909 % based on purchases of 38,751 Mcf and sales of 38,677 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	452,457
+ Mcf Purchases (4)	Mcf	38,751
= Average Expected Cost Per Mcf Purchased	\$/Mcf	11.6760
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	38,751
= Total Expected Gas Cost (to Schedule IA.)	\$	452,457

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.
**Supplier's tariff sheets or notices are attached.

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended JUNE 30, 2008

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	0
+ Interest	\$	0
= Refund Adjustment including interest	\$	0
+ Sales for 12 months ended <u>JUNE 30, 2008</u>	Mcf	0
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	0

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended JUNE 30, 2008

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (APR)</u>	<u>Month 2 (MAY)</u>	<u>Month 3 (JUNE)</u>
Total Supply Volumes Purchased	Mcf	3209	1656	1065
Total Cost of Volumes Purchased	\$	32,308	16,673	10,722
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	3206	1656	1065
<u>= Unit Cost of Gas</u>	<u>\$/Mcf</u>	<u>10.0774</u>	<u>10.0682</u>	<u>10.0676</u>
<u>- EGC in effect for month</u>	<u>\$/Mcf</u>	<u>10.128</u>	<u>10.128</u>	<u>10.128</u>
<u>= Difference [(Over-)/Under-Recovery]</u>	<u>\$/Mcf</u>	<u>(.0506)</u>	<u>(.0598)</u>	<u>(.0604)</u>
<u>x Actual sales during month</u>	<u>Mcf</u>	<u>3206</u>	<u>1656</u>	<u>1065</u>
<u>= Monthly cost difference</u>	<u>\$</u>	<u>(162,2236)</u>	<u>(99,0288)</u>	<u>(64,3260)</u>

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(325,5784)
+ Sales for 12 months ended <u>JUNE 30, 2008</u>	Mcf	<u>38,677</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.0084)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended JUNE 30, 2008

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the AA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the AA was in effect. Equals: Balance Adjustment for the AA.	\$ \$ \$	 _____
(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect. Equals: Balance Adjustment for the RA.	\$ \$ \$	 _____
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect. Equals: Balance Adjustment for the BA.	\$ \$ \$	 _____
Total Balance Adjustment Amount (1) + (2) + (3)	\$	_____
+ Sales for 12 months ended _____	Mcf	_____
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	0

KINHAG DEVELOPMENT COMPANY, LLC

P. O. BOX 155
ALLEN, KY 41601

August 28, 2008

Belfry Gas Company, Inc.
P.O. Box 504
Allen, KY 41601

RE: Gas Purchase Contract

RECEIVED

SEP - 8 2008

PUBLIC SERVICE
COMMISSION

Gentlemen:

This is to notify you that there will be a gas price adjustment effective October 1, 2008. Your company will be charged a cost of \$11.6760 per MCF delivered. This amount is calculated based on the terms of the contract between Belfry Gas Company, Inc., and Kinthag Development Company, LLC, and the most current FERC Index as of August 15, 2008. Enclosed is a copy of the NYMEX summary, with the Index indicated at the bottom.

Sincerely,



KINHAG Development Company, LLC

Enclosure

NYMEX

15 August 08 - Settle

Month	Price	Change	Highest	Lowest
Sept.	8.092	-.044	13.646	1.484
Oct.	8.198	-.041	13.907	1.406
Nov.	8.578	-.051	14.338	1.772
Dec.	8.983	-.056	14.764	1.661
Jan.	9.213	-.056	15.378	1.639
Feb.	9.236	-.056	15.427	1.046
Mar.	9.093	-.061	15.287	1.249
Apr.	8.723	-.046	11.996	1.418
May.	8.798	-.041	11.801	1.596
June	8.795	-.041	11.869	1.685
July	8.905	-.041	13.210	1.517
Aug.	8.975	-.041	13.577	1.385

Ave. = 8.7991

8.7991 + .28 = 9.0791

ALL TIME HIGH 13.3340

SEPTEMBER CRUDE 113.77

-1.24

ALL TIME HIGH 145.29

3:30 PM

DOW

11,622.34

+46.41

ALL TIME HIGH 14,164.53

3:30 PM

NASDAC

2453.79

+12

22 August through 28 Aug. - The Northeast will be warmer than normal. The Southwest will be cooler than normal.

INSIDE FERC INDICES FOR AUGUST

COLUMBIA APPALACHIA = \$9.63

COLUMBIA GULF ONSHORE LA. = \$9.17

BASIS = \$.46

TENN. LA 800 LEG = \$9.11

DOMINION TRANS. (APPAL) = \$9.87